

UNITED STATES RAILWAY EQUIPMENT CO.

A Subsidiary of Evans Products Co.

2200 East Devon Avenue • Des Plaines, Illinois 60018

PAUL R. LEAK
CONTROLLER

February 9, 1977

RECORDATION NO. 8700 Filed & Recorded

FEB 17 1977 11 42 PM

INTERSTATE COMMERCE COMMISSION
INTERSTATE COMMERCE COMMISSION

Secretary,
Interstate Commerce Commission
Office of the Secretary
Washington, D.C. 20423

Re: Lease entered into the 11th day of October, 1976,
between United States Railway Equipment Company
and the Minneapolis, Northfield and Southern Railway

Madame:

Pursuant to Section 20(c) of the Interstate Commerce Act and to the Commission's Rules and Regulations thereunder, as amended, we are enclosing for filing and recording five (5) fully executed counterparts of the above mentioned lease:

Lessor

United States Railway Equipment Company
2200 East Devon Avenue
Des Plaines, Illinois 60018

Lessee

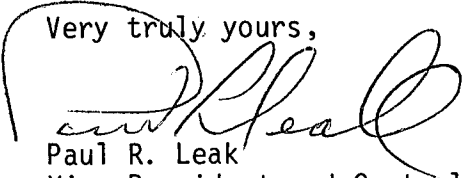
Minneapolis, Northfield & Southern Railway
Pence Building, 911 Hennepin Avenue
Minneapolis, Minnesota 55403

The equipment covered by the enclosed documents consists of Up to One Hundred (100) 50 foot 6 inch inside length, 70-ton Box Cars equipped with 10 foot sliding Doors, and bearing the following reporting numbers and marks: MNS 49501 to 49600, inclusive.

The above equipment will be lettered United States Railway Equipment Company, USEX, or in some other appropriate manner, and will also be marked, "Property of United States Railway Equipment Co., Owner and Lessor."

Also enclosed is the Lessor's check in the amount of \$50, representing the recordation fee as required by Section 57.3 of the Rules and Regulations. Upon recordation, kindly return the originals to the undersigned at the letterhead address.

Very truly yours,


Paul R. Leak
Vice President and Controller

PRL:mez

Enclosures: 5 leases + check

cc: Information Center

R. E. Bell (Lot 1431)

7-048A039
Date FEB 17 1977
Fee \$ 50

ICC Washington, D. C.

RECEIVED
FEB 17 11 42 AM '77
I.C.C.
FEE OPERATION BR.

1431

LEASE

AGREEMENT made and entered into this 11th day of October,
19 76, between

UNITED STATES RAILWAY EQUIPMENT COMPANY
an Illinois corporation (hereinafter called "United")

and

MINNEAPOLIS, NORTHFIELD AND SOUTHERN RAILWAY, a South Dakota Corporation
(hereinafter called "Lessee")

RECITALS

Lessee desires to lease from United as Lessor certain railroad cars, hereinafter specifically designated or to be specifically designated, all upon the rentals, terms and conditions as set forth in this Lease.

AGREEMENT

It is agreed:

1. Lease of Cars. United agrees to lease to Lessee and Lessee agrees to and does hereby lease from United that number of railroad cars, of the type, construction and such other description (hereinafter referred to as the "Cars") as is set forth in ~~Rider 1~~ of this Lease and as is set forth in Riders which may from time to time be added to this Lease. The Cars covered by this Lease are those which shall be delivered to and accepted by or on behalf of Lessee pursuant to the terms hereof. This Lease shall become effective with respect to any Car as of the date of its delivery and acceptance hereunder and shall continue with respect to such Car for the term provided in the Rider covering such Car unless sooner terminated as hereinafter provided. United shall deliver Cars f.o.t. at the delivery point specified in the Rider covering such Cars and from and after such delivery, Lessee shall pay all costs and expenses on account of transportation or movement of the Cars to and from any place and for any reason whatsoever pursuant to the terms of this Lease, and United shall reimburse same. PWB
DAB
Exhibit A

2. Rental. The rental per Car per day shall be all Per Diem payable to Lessee on account of such Car per day when Car Usage is equal to or less than 90%, plus one-half of all Per Diem payable to Lessee on account of all Car Usage exceeding 90%. Daily Car Usage of each Car shall be deemed to be the average Car Usage as finally determined for all Cars covered by this Lease as of the end of each calendar year or other applicable period during the term of this Lease. Lessee shall pay to United within thirty(30) days after receipt thereof all Per Diem received by it with respect to any Car covered by this Lease. United will within sixty (60) days after the end of each calendar year during the term hereof compute the Car Usage for such year and the amount so determined to be due United or to Lessee shall be promptly paid, Rental on each Car shall accrue from and after the date of delivery and acceptance.

of any overpayment or
underpayment of rentals

subject to the limitation on payment of rentals contained in the proviso hereinafter set forth at the end of this Paragraph 2.

of each Car; provided, however, that rental shall be payable by Lessee only from Per Diem payments actually received by or credited to it, within thirty (30) days after receipt thereof at the address specified for United in Paragraph 14 hereof. (less Per Diem reclaims)

3. Acceptance of Cars. Within three (3) days after United shall give Lessee notice that some or all Cars covered by a Rider are ready for delivery, Lessee may have its authorized representative inspect such Cars at the point of delivery and accept or reject them as being or failing to be in compliance with the terms hereof. Cars so inspected and accepted and any Cars which Lessee does not elect to inspect shall be conclusively deemed to meet all requirements of this Lease and shall be conclusively deemed delivered to and accepted by Lessee. Unless prior to acceptance of a Car Lessee shall direct United to ship the Car directly to a specified point, United may on Lessee's behalf place such Car under load in interchange service or ship the Car to the nearest railroad line of Lessee.

4. Records. Unless otherwise provided in the Rider applicable to any Cars, Lessee shall keep records of and monitor the use and movements of all Cars and shall promptly furnish United with a monthly summary report pertaining to the Cars.

United shall have the right at any time and from time to time to audit and verify any such information, records and reports and other data pertinent hereto and Lessee shall cooperate with and assist United in any such audit or verification. Lessee will at United's expense file such applications for relief from any Interchange Rules as United may direct to increase revenues of the Cars and will at United's expense take all appropriate action to record and register the Cars as United may request.

5. Use - Lettering. Lessee shall use the Cars in a careful and prudent manner in compliance with all Interchange Rules and solely for the uses for which they were designed. From and after the delivery of a Car to Lessee, so long as Lessee shall not be in default hereunder, Lessee shall be entitled the use of the Car for the full term of this lease.

Except for the lettering to be placed on the Cars by United prior to delivery indicating the interest of Lessee, United and any assignee or mortgagee of United as permitted in Paragraph 11 hereof, no lettering or marking shall be placed upon any of the Cars by Lessee except upon the written direction or consent of United.

6. Repair Work. Except as otherwise provided herein, United shall at its sole cost and expense perform all Repair Work or authorize or cause same to be done. Lessee shall at its sole cost and expense perform or cause to be performed all Repair Work required by reason of Lessee's negligence. United shall have no responsibility for Repair Work until informed of the need therefor, United may require Lessee to return Cars for preventive maintenance or Repair Work and may withdraw from this Lease any Cars which it in its sole discretion deems uneconomical for Repair Work of any kind.

7. Casualty Cars. United shall bear the risk of any Car which is lost, stolen, destroyed or damaged beyond economical repair ("Casualty Car") other than on Lessee's lines. Lessee shall bear the risk of and be and Lessee agrees to promptly notify United of any Repair Work required on the Cars of which it has knowledge or after which it receives notice of the need therefor.

responsible for any Car which is lost, stolen, destroyed or damaged beyond economical repair on its lines and shall, within thirty (30) days after the occurrence of any such event, pay to United the amount provided in the Inter-change Rules to be paid for such Casualty Car. This Lease shall terminate as to any Casualty Car on the date on which the casualty occurred. All payments for Repair Work or in connection with the loss of any Casualty Car due from third parties shall be assigned to and belong to United and Lessee shall cooperate with United in the prosecution and collection of all claims therefor.

8. Indemnity. United agrees to indemnify Lessee and save it harmless from any charge, loss, claim, suit, expense or liability which Lessee may suffer or incur and which arises in connection with the use or operation of a Car or Cars while subject to this Lease (but not while in Lessee's shop or possession or arising through its negligence) and without regard as to how such charge, loss, claim, suit, expense or liability arises, including without limiting the generality of the foregoing, whether it arises from latent or other defects which may or may not have been discoverable by Lessee or United. United agrees to indemnify Lessee and save it harmless against any charge, loss, claim, suit, expense or liability arising out of or on account of the use or incorporation in a Car at the time of original delivery of a Car or upon the making of repairs thereto by United, of any invention or the infringement of any patents, except if such invention was used or incorporated by reason of Lessee's specification thereof in the Rider covering such Cars. The indemnities and assumptions of liability herein contained shall survive the termination of this Lease. Each party shall, upon learning of same, give the other prompt notice of any claim or liability hereby indemnified against.

9. Taxes. United shall pay or reimburse Lessee for the payment of all taxes of any kind whatsoever assessed or levied against the Cars or the Lease or operation thereof, except taxes on the earnings of a Car other than income taxes payable by United on rental paid to it hereunder. Lessee will file all property or ad valorem tax returns, copies of which shall be submitted to United for its review and approval prior to filing.
if feasible

10. Termination. This Lease shall terminate upon expiration of its term, at election of either party hereto by reason of the default or breach of the other party in the terms hereof, or upon the election of United as hereinafter provided. In the event that daily Car Usage for all Cars or any group of Cars covered by a Rider in any calendar quarter is (i) less than 85% or (ii) the rental payable to United during such quarter averages less than \$ 10.85 per car per day, then United may at its option upon thirty (30) days' notice to Lessee terminate this Lease in its entirety, or terminate the Lease as to any group of Cars covered by a Rider. Lessee shall at the termination of the Lease with respect to any Cars return such Cars to United

at Washington, Indiana; Blue Island, Illinois or Junction City, Kansas. If requested by United, Lessee shall provide free uninterrupted storage for 6 months for Cars as to which the Lease is terminated, provided that risk of loss during such storage shall be United's. This Lease may be terminated as to all Cars or as to any group of Cars covered by a Rider without termination of the Lease as to

Cars covered by any other Rider. From and after termination of this Lease with respect to any Car and until its return to United, all Per Diem earned by such Car shall be paid to United as additional rental for use of the Cars during the term hereof.

11. Sublease and Assignment. The right to assign this Lease by either party and the Lessee's right to sublease shall exist only as follows:

(subject to the limitation on payment contained in the proviso to Paragraph 2)

(a) Lessee shall have no right to assign this Lease or sublease or loan any of the Cars without the written consent of United, except that Lessee may allow the Cars to be freely used by others in Interchange service.

(b) All rights of United hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of either in whole or in part with or without notice to Lessee. This Lease and Lessee's rights hereunder are and shall be subject and subordinate to any chattel mortgage, security agreement or equipment trust covering the cars heretofore or hereafter created by United. If United shall have given written notice to Lessee stating the identity and post office address of any assignee entitled to receive future rentals and any other sums payable by Lessee hereunder, Lessee shall thereafter make such payments to the designated assignee.

The making of an assignment or sublease by Lessee or an assignment by United shall not serve to relieve such party of any liability or undertaking hereunder nor to impose any liability or undertaking hereunder upon any such assignee or sublessee except as otherwise provided herein or unless expressly assumed in writing by such sublessee or assignee.

12. Default. If Lessee shall fail to make any payment required hereunder within fifteen (15) days after same shall have become due or shall breach any representation or warranty contained herein or shall default or fail in the due observance or performance of any covenant, condition or agreement required to be observed or performed on its part hereunder, or a proceeding shall have been commenced by or against Lessee under any bankruptcy laws, Federal or State, or other laws for the appointment of a receiver, assignee or trustee of Lessee or its property, or Lessee shall make a general assignment for the benefit of creditors, then and in any of said events United may in addition to all other rights and remedies provided in law or equity, upon written notice to such effect, terminate this Lease in its entirety or with respect to any group of Cars covered by a Rider and with respect to which said default has occurred and retake the Cars and thereafter recover any and all damages sustained by reason of Lessee's default in addition to all rental then or thereafter due; The obligation to pay rental then or thereafter due or any other sum or sums due and unpaid or any damages suffered by reason of Lessee's default hereunder shall survive the termination of the Lease and the retaking of the Cars.

for a period of thirty (30) days after notice by United of such default,

13. Definitions. For all purposes of this Lease the following terms shall have the following meaning:

"Repair Work" - all repairs, maintenance, modifications, additions or replacements required to keep Cars in good work-

provided, however, that United shall not be entitled to recover from Lessee any rentals which have not been earned at the termination of the Lease or to otherwise recover any damages for lost or anticipated profits.

ing order and condition and in compliance with all Interchange Rules.

"Interchange Rules" - all codes, rules, decisions, interpretations, laws and orders governing hire, use, condition, repair and all other matters pertaining to the interchange of freight traffic reasonably interpreted as being applicable to the Cars, adopted and in effect from time to time during the term of this Lease by the Association of American Railroads and any other organization, agency or governmental authority, such as but not limited to the Interstate Commerce Commission and the United States Department of Transportation, which may from time to time be responsible for or have authority to impose such codes, rules, decisions, interpretations, laws or orders.

"Car Usage" - a percentage equal to the quotient obtained by dividing the aggregate number of days in a calendar year in which Per Diem is earned on a Car by Lessee commencing with its date of delivery, by the aggregate number of days in such year in which the Car is under lease to Lessee commencing with its date of delivery.

"Per Diem" shall mean and include any and all charges, costs and payments prescribed by the Interchange Rules prevailing from time to time throughout the term hereof, to be paid by one railroad or other party, to another railroad on account of the use of a Car and applicable to Cars of the type and class covered by this Lease. By way of illustration and not limitation Per Diem shall include time charges, mileage charges and incentive charges, as well as any similar or other charges presently in effect or which may from time to time hereafter be placed in effect.

14. Warranty - Opinion. Lessee covenants, warrants and represents that all of the following matters shall be true and correct at all times that any Car is subject to this Lease:

(a) Lessee is a corporation duly organized and validly existing in good standing under the laws of the state of its incorporation and has the corporate power, authority and is duly authorized and qualified to do business in each state in which its track is located, and has corporate power to and has taken all corporate action necessary to enter into this Lease and carry out its obligations hereunder;

(b) this Lease has been duly executed on behalf of Lessee and constitutes the legal, valid and binding obligation of Lessee enforceable in accordance with its terms;

(c) no governmental, administrative or judicial authorization, permission, consent or approval is necessary on the part of Lessee in connection with this Lease or any action contemplated on its part hereunder, nor will the execution

or performance of this Lease violate any judgment, order,
~~indenture or agreement binding upon~~
Lessee; and

(d) neither Lessee nor its counsel know of any requirements for recording, filing or depositing this Lease other than pursuant to Section 20c of the Interstate Commerce Act, which is necessary to preserve or protect the title of United or its assignee or mortgagee in the United States of America.

Upon request of United or its assignee or mortgagee at any time or times, Lessee shall deliver to United an opinion of its counsel addressed to United or its assignee or mortgagee, in form and substance satisfactory to United or its assignee or mortgagee, which opinion shall confirm, and be to the effect of the matters set forth in this Paragraph 14(a) through (d).

15. Miscellaneous.

to the best of such
counsel's knowledge

(a) This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns to the extent permitted herein.

DAB
PMS

(b) Any notice required or permitted to be given by one party to another hereunder shall be properly given when made in writing, deposited in the United States mail, registered or certified, postage prepaid, addressed to:

United at: 2200 East Devon Avenue
Des Plaines, Illinois 60018

Lessee at: Pence Building - 911 Hennepin Avenue.
Minneapolis, Minnesota 55403

or such other address as either party may from time designate by such notice in writing to the other.

(c) Lessee shall keep the Cars free from any encumbrances or liens, which may be a cloud upon or otherwise affect United's title, which arise out of any suit involving Lessee, or any act, omission or failure of Lessee or Lessee's failure to comply with the provisions of this Lease and shall promptly discharge any such lien, encumbrance or legal process. Lessee shall take all action requested by United to confirm United's interest in the Cars as Lessor and that Lessee has no interest in the Cars other than as Lessee hereunder.

(d) During the continuance of this Lease, United shall have the right, at its own cost and expense, to inspect the Cars at any reasonable time or times wherever the Cars may be. Lessee shall, upon request of United, but no more than once every year, furnish to United two (2) copies of an accurate inventory of all Cars in service.

IN WITNESS WHEREOF, United and Lessee have duly executed this Lease as of the day and year first above written.

UNITED STATES RAILWAY EQUIPMENT COMPANY
an Illinois corporation

By: Ralph E. Bell
Vice President

ATTEST:

Samuel B. Long
Assistant Secretary

MINNEAPOLIS, NORTHFIELD AND SOUTHERN RAILWAY
a South Dakota Corporation

By: D. J. Dwyer
EXECUTIVE VICE President

ATTEST:

R. A. Nelson
Secretary

EXHIBIT "A"

Lease dated 10/11/1976 by and between United States Railway Equipment Company ("United") and Minneapolis, Northfield and Southern Railway ("Lessee").

DESCRIPTION OF CAR: 50' 6" inside length, 70-ton Box Cars
equipped with 10' sliding doors

NUMBER OF CARS: Up to One Hundred (100)

REPORTING NUMBERS AND MARKS: MNS 49501 to 49600, inclusive

RECORD OF CAR MOVEMENT: (use only if United keeps records)

TERM: Twelve (12) years from the average date of delivery and acceptance of each Car covered by this Exhibit. Average date of delivery is that date which is determined by (i) multiplying the number of Cars delivered by United on each day by the number of days elapsed between such day and the date of delivery of the first Car hereunder, and (ii) adding all of the products so obtained and dividing that sum by the total number of Cars delivered and (iii) adding such quotient rounded out to the nearest whole number to the date of delivery of the first Car. The date on which delivery of a Car shall be deemed to have been made will be the day following delivery of the Car to the Lessee, as specified in Paragraph 2. A Car shall be conclusively deemed delivered to the Lessee on the earliest date shown on any of the following: (i) Certificate of Inspection and Acceptance or other writing accepting a Car signed by the Lessee; or (ii) a bill of lading showing delivery to Lessee or to a railroad for the account of Lessee.

SPECIFICATIONS DESIGNATED BY LESSEE:

PLACE OF DELIVERY: Washington, Indiana

MINNEAPOLIS, NORTHFIELD AND
Lessee SOUTHERN RAILWAY

By: 

EXECUTIVE VICE PRESIDENT

UNITED STATES RAILWAY EQUIPMENT COMPANY
Lessor

By: 

STATE OF ILLINOIS
COUNTY OF COOK

} ss

On this 31st day of January, 1977, before me personally
appeared Malcolm E. Bell
to me personally known, who being by me duly sworn, says that he is Vice President of the
United States Railway Equipment Co., and Laurence H. Hargis to me personally
known to be the Asst. Secretary of said corporation, that the seal affixed
to the foregoing instrument is the corporate seal of said corporation, that said instrument was
signed and sealed on behalf of said corporation by authority of its Board of Directors, and they
acknowledged that the execution of the foregoing instrument was the free act and deed of said
corporation.

Wm. E. Sanders
Notary Public

MY COMMISSION EXPIRES
JUNE 19, 1979

STATE OF MINNESOTA
COUNTY OF HENNEPIN

} ss

On this 2nd day of December, 1976, before me personally
appeared D. J. Boyer
to me personally known, who being by me duly sworn, says that he is Executive Vice
President of MINNEAPOLIS, NORTHFIELD AND SOUTHERN RAILWAY
and R. A. Nelson
to me personally known to be the Secretary of said corporation, that the
seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instru-
ment was signed and sealed on behalf of said corporation by authority of its Board of Directors,
and they acknowledged that the execution of the foregoing instrument was the free act and deed
of said corporation.

Dennis B Kowal
Notary Public

